New Financial System Designed to Provide Elastic Currency

BASED ON MODERN IDEAS OF SOUND ECONOMICS

New Banking Law Is Designed to Provide Elastic Currency.

DETAILS TO BE WORKED OUT

Has Taken Organization Committee and Federal Reserve Board Almost Twelve Months to Bring Plan to Point of Beginning Business.

With the opening to-day of the welve Federal reserve banks the na-ion will begin actual operation of its ew currency system designed to pro-ide an elastic circulating medium ased upon modern ideas of finance nd economics It has taken the reserve bank or-

It has taken the reserve bank organization committee and the Federal Reserve Board almost twelve months to work out details of organization to the point where an opening date was chosen. Notwithstanding careful deliberations which preceded every preliminary step, the twelve banks will not for many weeks take up and exercise all the functions bestowed upon them by Congress. Such evolution as will result from the old national banking system of necessity will in most respects be slow. The Reserve Board, the guiding spirit of the new system, is itself feeling its way over strange ground, and the men in charge of the twelve banks probably will feel the same desire to work slowly, and with sureness rather than be venturesome.

IN ELASTICITY OF CURRENCY
The new system is generally conceded to be a compromise between a central bank and the present system with its thousands of units, scattered reserves and fixed limits of currency its chief attraction and value, those it will give to recognized paper currency. Under the present law national bank currency is almost a fixed quantity based upon national bank capital, issued upon United States bonds and unresponsive to the chill of hard times or the exultation of boom days. Its use led, the experts say, to unrestricted loans and speculation, in the days when money was easy and to a hoarding of resources and a tightening of the purse strings of credit when ing of the purse strings of credit when ing of the purse strings of credit when times were hard. It is said to have bred the panic of 1907 when solvent banks with large credits in reserve, and central reserve cities, were help-less and could get back to their own counters none of the millions they had placed with their large and stronger correspondents,

simes were hard. It is said to have break the panic of 1907 when solvent branks with large credits in reserve, and central reserve cities, were helpless and could get back to their own counters none of the millions they had placed with their large and stronger correspondents.

NATIONAL BANK NOTES

ARE TO BE REPLACED

Under the new system the Federal reserve notes, which, in time, probably will entirely replace the national bank notes, now so familiar, will be issued upon commercial paper arising out of actual business transactions. It seems plain that they will will be no plethora of money to lie dide. They will be obligations of the United States government, which national banks notes are not, and will have back of them a large reserve of gold in the regional banks. Through the reserve banks are expected to have back of the found them the reserve banks are expected to be made through these replected to the dath through these replected to the dath through these replected to the feature the clearings of the beautions of the country are expected to be made through these replected to the dath through these replected to the dath through these replected to the feature through these replected to he made through these replected to the feature through these replec rise and fall in amount as the tides of business rise and fall, and that there will be no plethora of money to lie did. They will be obligations of the United States government, which national banks notes are not, and will have back of them a large reserve of gold in the regional banks. Through them the reserve banks are expected to come to the aid of any needy member bank, which has plenty of good paper, but needs cash. To further insure the flow of money, reserve banks themselves may be required to reliscount the discounted paper of other reserve banks.

More than \$250,000,000 of the new otes have been ordered by the Comp-roller of the Currency for the twelve anks. They are in \$5, \$10, \$20, \$50 banks. They are in \$5, \$10, \$20, \$50 and \$100 denominations, and are to be accepted by all member banks and for all customs taxes or other dues. The Federal reserve agent of every bank in the system, who is the government representative there, has these notes in custody ready for the application of member banks.

DOES NOT PILE UP VAST

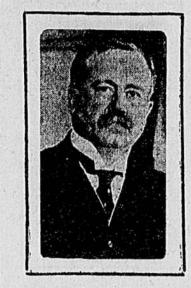
Next to the elasticity of the new cur-rency, officials value the "mobiliza-tion" but no concentration of reserves which it will insure. This, they point out, does not mean the concentration of vast sums from country banks in reserve cities and central reserve ci-ties as under the national banking ct, but their appearance in large part in the debit balances of the twelve re-erve banks in widely scattered parts of the country. These reserves will be as near as possible to the door of the member bank to which they belong in times of need, and there can-be no re-

times of need, and there can be no re-fusal from a reserve bank to return them in case of exigency.

A remnant of the present system still remains in the provision by which banks may keep a certain proportion of their reserves with other member banks in cities now known as reserved. anks in cities now known as reserve nd central reserve cities. At the end f three years, however, that will be hanged and all reserves will be held either in a bank's own vaults or with a Federal bank. An effort was made in Congress a few weeks ago to per-mit member banks to deposit all their mit member banks to deposit all their reserves with their reserve bank at once. As the law stands their process is to be spread over a period of thirty months. If it is renewed successfully next winter it will mean a marked increase in the available funds of the reserve banks. As it stands, the twelve banks will start out with a total cash of about \$243.000.000. f about \$243,000,000. VILL RELEASE ENORMOUS

RESERVES NOW LYING IDLE Another point not forgotten by ad-

Comptroller of Currency



JOHN SKELTON WILLIAMS.

mirers of the law is the fact that the different reserve requirements will release about \$464,000,000 now tied up in reserves, and will afford far greater opportunity for a borrower to get a hearing and a loan.

The reserve banks are not to do a banking business except with member

IN FUTURE WILL ASSUME FUNCTIONS OF CLEARING-HOUSE

Organized 1884

Strength

Capital & Surplus, \$1,000,000-

Sound Organization Perfect Equipment **Exceptional Facilities**

THE

First National Bank

HUNTINGTON, W. VA.

J. L. CALDWELL, President. D. I. SMITH, Vice-President.
V. GUTHRIE, Vice-President. ROBT. L. ARCHER, Cashier. G. D. MILLER, Asst. Cashier. H. C. WALBURN, Asst. Cashier. CHAS. A. BOONE, Manager Savings Department.

F. R. EDMONDSON, President.

W. H. CHILDRESS, V.-President.

First National Bank SOUTH BOSTON, VA.

STATEMENT AT THE CLOSE OF BUSINESS OCTOBER 31st, 1914

RESOURCES:		
Leans and discounts	8324.477	44
J. S. bonds	22,500	00
other bonds	41,281	25
federal Reserve Bank		
stook	300	00
furniture and Fixtures	1,399	85
ash and due from		
Banks	71.11K	aK

LIABILITIES: Capital Stock \$ 25,000 00 Surplus and undivided Circulation 37,200 00 Deposits 387,557 74 Bills payable 20,000 00 J. D. TUCKER, Cashier.

Special Attention Paid to Collections

by that time Congress has enacted a new act, the nation will have a cur-rency that in theory at least responds to the growth of crops, the throb of industrial plants and the progress of the business world.

Digest of New Law.

An interesting contribution to the literature concerning the new banking and currency law, which goes into effect to-day, has been made by the Guaranty Trust Company, of New York. It is in pamphlet form, and contains a revised digest of the law; a list of governors and directors of the twelve Federal reserve banks, the Pederal Reserve Board and organiza-tion committee. The Guaranty Trust Company will send out these folders upon application.

DISCOUNT RATES

The Federal Reserve Board has fixed the following discount rates for the Federal reserve bank dis-

New York and Philadelphia-514 per cent for bills and notes maturing in less than thirty days, and 6 per cent for paper running for a longer time.

Boston, Cleveland, Richmond, Chicago and St. Louis-6 per cent on

all maturities.

Atlanta, Minneapolis, Kansas City, Dallas and San Francisco—6 percent for bills and notes maturing in less than thirty days, and 6½ percent for paper maturing in more than thirty days.

The New Banking System

The new Federal Reserve Banks, as provided for in the Federal Reserve Act, have been established in twelve of the principal cities of the United States, and will open for business to-day, Nov. 16.

The purpose of this new law is "to provide for the establishment of Federal Reserve Banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, and to establish an effective supervision of banking in the United States."

We have prepared a revised digest of this Act which will enable you to readily obtain a comprehensive idea of its provisions; and shall be pleased to supply copies upon request.

Ask for Booklet B-389

Guaranty Trust Company of New York 140 Broadway

Capital and Surplus -Total Resources, over

\$ 30,000,000

Description of the second of the second of the

ANNOUNCEMENT

THE CHURCH HILL BANK

BROAD AND 25TH STREETS WILL OPEN A

Landis Christmas Savings Club

Monday, December 21

YOU ARE INVITED TO JOIN

The purpose of the Club is to help you and others accumulate a fund for Christmas or other purposes.

You pay in a little each week, for 50 weeks, and get all your money back with interest, just before Christmas.

The first payment makes you a member—there are no fees, fines or

The payments are so small anyone can easily keep them up.

The plan is so simple a child can easily become a member and make the payments.

You have everything to gain-you can't lose a cent.

EVERYBODY-old or young, is welcome to become a member.

Ask us all about it-Call or write

THE CHURCH HILL BANK

"In the East End, near Historical St. John's Church"

Broad and 25th Streets.

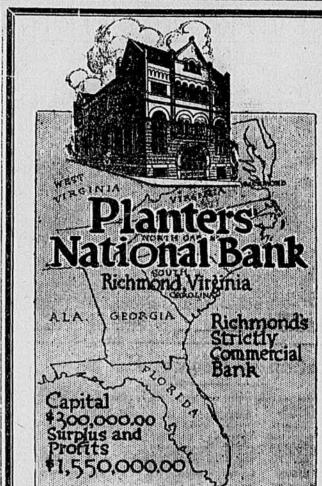
OFFICERS:

OSCAR E. PARRISH, President and Cashier. HENRY A. HARE, Vice-President. CHARLES E. TALLEY, Assistant Cashier.

H. A. Hare, A. R. Holladay,

J. L. Satterfield, John Sloan,

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Invest \$1--Reap Opportunity!

The small sum of one dollar makes you the owner of a savings account in this big national bank.

You have all the benefits of our Savings Department. You have a safe place to deposit your earnings, where they are safe from fire, loss, theft and from your own tendency to spend!

You have no idea how quickly savings mount up if you keep at it regularly-and the more you save, the more will your account EARN. For we pay interest at 3 per cent, compounded semi-annually. Why not start to-day? Come in. You are welcome.

Planters National Bank

"We Serve the Entire South" Write for "Banking By Mail"

BROAD STREET BANK

530 E. BROAD STREET, RICHMOND, VA. Capital, \$200,000.

Surplus and Undivided Profits (Earned), \$140,000.

RAPHAEL LEVY. of Jacobs & Levy. G. W. MINTER, With News Leader.

J. W. ROTHERT, of Rothert & Co.

W. S. RHOADS, of Miller & Rhoads, Inc.

JOHN MURPHY, President Murphy's Hotel.

Accounts Solicited.

OFFICERS: W. M. HABLISTON, President. JNO. G. WALKER, 2nd Vice-President. E. L. WORD, Assistant Cashier.

J. W. ROTHERT, Vice-President. ANDREW M. GLOVER, Cashier.

HENRY W. ANDERSON, of Munford, Hunton, Wil- 1

RENJ. P. ALSOP, Cashier Virginia-Carolina

Chemical Co. LEON DETTELBACH, of Globe Clothing Co. ANDREW M. GLOVER, Cashier.

H. F. GRIMMELL, of H. Grimmell's Sons.

W. M. HABLISTON, President, also President Old
Dominion Trust Co.

JULIAN W. TYLER, of Julian W. Tyler, Inc.

JOHN G. WALKER, President Life Insurance Co.
of Virginia.

I. H. KAUFMAN, of Kaufmann & Co.

of Virginia.

B. RAND WELLFORD, of Wellford & Taylor. Interest at the Rate of 3% Per Annum on Savings Accounts.

We Keep Open Until 8 P. M. Saturdays.

OCTOBER 1st, 1914 RESOURCES: .\$ 296,411 12 . 818,200 80

Bonds and stocks

 Capital stock
 ...
 \$ 200,000 00

 Surplus and undivided profits
 140,180 70

 Dividends unpaid
 54 05

 7,080 18 1,141 84

November 1st, 1905, \$702,803

November 1st, 1909, - \$1,169,254

STATEMENT SHOWING INCREASE IN

DEPOSITS.

November 1st, 1901 \$147,699

November 1st, 1914,

One of the Strongest Banks in the United States.

.......\$1,863,197 81

This Bank has neither Rediscounts nor Bills Payable. IT HAS NEVER HAD ANY.

CONDENSED STATEMENT OF THE

National State and City Bank

RICHMOND, VIRGINIA,

October 31, 1914.

RESOURCES.	
ans and Discounts	\$5,833,656.96
ocks and Bonds	813,408.10
nking House	210,585.57
nking Housesh	
ie from Banks. 1,631,149.32	
	- 2,257,447.02

\$9,115,092.65

LIABILITIES. Capital Paid in\$1,000,000.00 Surplus and Undivided Profits Contingent Fund 55,000.00 Circulation 780,200.00 Bond Account 440,200.00 Bills Payable 200,000.00 Deposits 5,917,345.29

Accounts of Banks, Corporations, Firms and Individuals Solicited, to whom we are prepared to furnish every Proper Banking Facility.

DIRECTORS

E. B. ADDISON, Vice-President Virginia-Carolina Chemical Co. JAMES H. ANDERSON,

of Geo. W. Anderson & Sons. HUGH ANTRIM. of C. W. Antrim & Sons. PRESTON COCKE, of Meredith & Cocke, Attorneys at Law.

JAMES D. CRUMP, President of B. F. Johnson Publishing Co.

JOHN S. ELLETT, Vice-President. A. R. ELLERSON, of the Virginia-Carolina Chemical HORACE S. HAWES, of S. H. Hawes & Co.

WM. M. HILL, Vice-President. EDWARD C. MAYO, Business Manager P. H. Mayo & Bro. Branch American Tobacco Co.

EDWIN A. PALMER, Principal Agent Mutual Assurance Society of Virginia. WM. H. PALMER, President.

\$9,115,092.65

President Virginia Fire and Marine Insurance Co.

GRANVILLE G. VALENTINE, President Valentine Meat Juice Co. STEWART M. WOODWARD, of Woodward & Son.

OFFICERS

WM. H. PALMER, President.

JOHN S. ELLETTVice-President | J. W. SINTONVice-President